

Staff Report

Report To: City Council
Report From: Chris Webb, Manager of Engineering Services
Meeting Date: October 23, 2023
Report Code: OP-23-044
Subject: Connecting Link Funding Applications – Intake 9

Recommendations:

THAT in consideration of Staff Report OP-23-044 respecting Connecting Link Funding Applications – Intake 9, City Council:

1. Approves the Connecting Link Program – Intake 9 application for Highway 26-16th Street East – Pedestrian Tunnel Rehabilitation in the amount of \$1,389,443, excluding HST rebate, total eligible project costs, with a Ministry of Transportation Ontario (MTO) funding request of 90% of eligible expense or \$1,250,499, excluding HST rebate; and
 - a. If successful, directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the documents necessary to enter into a funding agreement with the MTO for Highway 26-16th Street East – Pedestrian Tunnel Rehabilitation;
2. Approves the Connecting Link Program – Intake 9 application for Highway 6/10-9th Avenue East – Rehabilitation Phase 1 - Superior Street to 6th Street East in the amount of \$3,000,000, excluding HST rebate, the total maximum eligible project costs, with a Ministry of Transportation Ontario (MTO) funding request of 90% of eligible expense or \$2,700,000, excluding HST rebate; and
 - a. If successful, directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the documents necessary to enter into a funding agreement with the MTO for

Highway 6/10-9th Avenue East – Rehabilitation Phase 1 - Superior Street to 6th Street East; and

3. Directs staff to notify Grey-Bruce-Owen Sound MPP Rick Byers of Council’s approval and resolution to apply for Connecting Link Program funding – Intake 9 for the above projects.

Highlights:

- Ministry of Transportation Ontario launched Intake 9 for Connecting Link funding applications on August 24, 2023.
- The City has three Provincial Highway connecting links and may apply for up to two projects under Intake 9.
- Highway 26-16th Street East Pedestrian Tunnel Rehabilitation is a recommended project for an Intake 9 funding application.
- Highway 6/10-9th Avenue East – Rehabilitation Phase 1 is a recommended project for an Intake 9 funding application.

Strategic Plan Alignment:

This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

N/A

Background:

Ministry of Transportation Ontario (MTO) launched its next Connecting Link Program funding intake for 2024-2025 (Intake 9) as of August 24, 2023.

The Connecting Link funding under Intake 9 will provide \$30 million to support municipalities with the construction and repair of roads and bridges on connecting links.

Municipalities with more than one connecting link may apply for up to two projects under this intake, provided each project is on a different connecting link. The City of Owen Sound has three Provincial highway connecting links, as follows:

1. Highway 6/10 – 9th Avenue East – Superior Street to 10th Street East
2. Highway 26 – 16th Street East – 9th Avenue East to 28th Avenue East
3. Highway 6/21 – 10th Street E/W – 9th Avenue East to 9th Avenue West

The maximum amount of funding available for eligible Connecting Link projects for the 2024-2025 programme remains unchanged at 90 percent of total eligible project costs up to \$3 million per road project and up to \$5 million per bridge project. Eligible project costs also remain unchanged from previous intakes.

Funding applications must be received by 5:00 PM on Wednesday, November 22, 2023. If approved, successful applicants will be notified in spring 2024, with funding to begin following the signing of the contribution agreement by the Minister of Transportation or designate.

Although this intake is for the 2024-2025 (April 1, 2024, to March 31, 2025) funding period, applicants may request funding over a three-year period (April 1, 2024, to March 31, 2027) to allow for the full scope of a project from engineering design through construction. In the past, funding approval announcements have been delayed into the summer of the year. This should be considered in the project schedule to ensure that all project costs are eligible and that any contracts, such as engineering services or construction, are not awarded until after the funding agreement is executed by the Minister of Transportation.

The most recent Connecting Link funding the City received was under Intake 7 (2022-2023) for the 16th Street East-Highway 26 – 16th Avenue East to 18th Avenue East Rehabilitation.

Submitted applications must be accompanied by a Council resolution supporting the project(s) and application(s).

Analysis:

The recommended course of action is to proceed with applications for two Connecting Link Intake 9 projects.

The first application would be for the rehabilitation of the 16th Street East Pedestrian Tunnel on the Highway 26 connecting link.

The second application would be for the rehabilitation of 9th Avenue East – Phase 1 - Superior Street to 6th Street East on the Highway 6/10 connecting link.

Both projects have been confirmed as eligible to apply for funding under Intake 9; they are identified in the 10-year Capital Plan and planned to occur within the eligibility time frame (April 2024 to March 2027) to which this funding opportunity applies.

16th Street East Pedestrian Tunnel

As detailed in the Capital Budget, the 16th Street East Pedestrian Tunnel is located east of 20th Avenue East and provides the highway crossing over the Grey County CP Rail Trail, as well as conveyance of the 100-year storm flows of the West Branch of the Telfer Creek. It was constructed by the MTO in 2005 as part of Highway 26 reconstruction before this road segment was transferred to the City as a connecting link, and replaced the former bridge over the railway at this location. Its construction consists of reinforced pre-cast concrete sections with waterproofing membranes.

The predicted life span of such membranes is 15 to 20 years, at which time rehabilitation is required to prevent deterioration to the structural components. The tunnel is 18 years old and, while it is rated as being in good condition, the membrane has likely failed (or is in poor condition) which will lead to more rapid deterioration of the structure.

For this project, it is anticipated that all costs for the project, including Municipal Class Environmental Assessment (EA), engineering design, approvals, project administration, and construction inspection in addition to the construction contract, will be eligible. City staff cost allocations to capital projects are not eligible for connecting link funding.

Allowing for a delay in funding approval confirmation to mid-summer 2024, if successful, the project timeline would be as follows:

1. Retain Consulting Engineer – November 2024
2. Complete Municipal Class EA and public consultation – June 2025
3. Complete Design, Approvals, Tender Documents, Engineer's Estimate for Construction and Confirm Budget for 2026 – October 2025
4. Tender Project – January 2026
5. Award Construction Contract – March 2026
6. Commence Construction – May/June 2026
7. Complete Construction – September/October 2026
8. Submit Final Costs to MTO for Final Funding – January 2027
9. End of Eligibility Period – March 31, 2027

The above timeline allows for unplanned events and contingencies.

9th Avenue East – Rehabilitation Phase 1 - Superior Street to 6th Street East

To maximize the Connecting Link funding availability of \$3,000,000 and obtain up to 90% in eligible costs funding from MTO, it is expected that the rehabilitation of 9th Avenue East from Superior Street to 10th Street East will be completed in three phases. This funding application pertains to the first phase – Superior Street to 6th Street East.

If approved, the grant would cover the road surface and base reconstruction, storm sewer, sidewalk, signage, line painting, vehicle detection devices at signalized intersections and the related appurtenances for the above. It would also cover costs related to Contract Administration, Construction Inspection, and Materials Testing.

The following are not eligible costs, as the grant will only fund highway-related costs:

1. Watermain and related appurtenances and services.
2. Wastewater sewers and related structures and services.
3. New sidewalk.
4. Trees and boulevard landscaping.
5. Traffic signals.

It is noted that the traffic signals at 6th Street East and 8th Street East are not eligible for Connecting Link funding as they are the responsibility of Grey County (Grey Road 5). However, turning lane improvements at the intersection of 9th Avenue East and 6th Street East may be eligible; the cost estimate includes these improvements.

City staff costs are not eligible, nor are any costs for portions of the project that have been awarded prior to the eligibility period.

Allowing for a delay in funding approval confirmation, if successful, to mid-summer 2024, the project timeline would be as follows:

1. Award Engineering Services Contract (per 3. above) – October 2024
2. Complete 9th Avenue East Watermain Looping Construction – 2025
(note: the above project must be completed before 9th Avenue East construction can commence)
3. Tender Project – January 2026
4. Award Construction Contract – March 2026
5. Commence Construction – April/May 2026
6. Complete Construction – October/November 2026

7. Submit Final Costs to MTO for Final Funding – January 2027
8. End of Eligibility Period – March 31, 2027

The above timeline allows for unplanned events and contingencies.

Financial Implications:

The City will be responsible for 10% of total eligible project costs up to a maximum eligible project cost of \$3,000,000, excluding HST rebate.

16th Street East Pedestrian Tunnel

The estimated cost of the project is \$1,400,000, excluding HST rebate (the portion of HST paid by municipalities is an eligible cost):

1. EA, Engineering Design, approvals and tender preparation - \$91,584
2. Construction - \$1,058,723
3. Contingency - \$157,728
4. Contract Administration and Inspection - \$66,144
5. Materials Testing - \$15,264
6. Total - \$1,389,443

At 90% funding of eligible expenses, the Connecting Link funding, if the application is successful, would be \$1,250,499, excluding HST rebate. The City's share of the cost at 10% is \$138,944, excluding HST rebate.

For the 16th Street East Pedestrian Tunnel Rehabilitation, this cost would be \$140,000 of eligible costs, excluding HST rebate.

9th Avenue East

The present estimated eligible component cost of the project is \$3,035,462, excluding HST rebate. At 90% funding of eligible expenses to a maximum project cost of \$3,000,000, the Connecting Link funding, if the application is successful, would be \$2,700,000, excluding HST rebate. The City's share of eligible cost would be \$300,000, excluding HST rebate.

The City's actual cost would be \$335,462, excluding HST rebate.

The non-eligible cost is estimated to be \$2,718,920, excluding HST rebate and would be funded from water revenues, wastewater revenues, property taxes, and reserves.

The cost estimate breakdown for the eligible components of the project would be as follows:

1. Construction - \$2,385,641
2. Contingency - \$478,272
3. Contract Administration, Inspection – \$121,907
4. Materials Testing - \$49,642
5. Total - \$3,035,462

It is important to note that at this time, detailed design is not yet complete; as such, the cost estimate is subject to variation as the design is refined.

Communication Strategy:

Communication will be through the publishing of Council meeting agenda and minutes. City Clerks Division will also circulate a copy of Council's approval and resolution to apply for Connecting Link Program funding Intake 9 for these projects to Grey-Bruce-Owen Sound MPP Rick Byers.

Consultation:

The Director of Public Works and Engineering, Director of Corporate Services and Manager of Corporate Services were consulted in the preparation of this report.

Attachments:

1. 16th Street East Pedestrian Tunnel Location Map
2. 16th Street East Pedestrian Tunnel Photos
3. 9th Avenue East Project Location Map

Recommended by:

Chris Webb, Manager of Engineering Services
Lara Widdifield, Director of Public Works and Engineering

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Chris Webb, Manager of Engineering Services at cwebb@owensound.ca or 519-376-4440 ext. 3300.